CANADIAN PAYMENTS SYSTEM

Working Paper #2

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This background paper is one of a series which has been developed in connection with a research project directed by Professor Richard H. McLaren. It is directed at identifying specific issues within a designated topic. The research project was designed to identify the "Policy and Legislative Responses to Electronic Funds Transfer" from a provincial perspective.

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DESCRIPTIVE MODEL OF THE CANADIAN PAYMENTS SYSTEM

Introduction:

In 1976, there were 1.5 billion cheques drawn on deposit accounts of the chartered banks in Canada. That total will likely exceed two billion by 1980.[1] An indication of the proliferation and popularity of the cheque as a medium of payment is the fact that the number of cheques issued by Canadians averaged twenty-two per person in 1950 compared to fifty-one per person in 1972.[2] The cheque has supplanted currency as the accepted form of payment for the transfer of assets and the discharge of obligations.

The introduction of credit cards and more recently the bank credit cards probably have and will in the future reduce the increasing volume of cheques written in Canada. These cards are used to facilitate the extension of credit by a third party. Therefore, they are not a direct form of payment for the transfer of assets and discharge of obligations. Payment for the transactions entered into with the card are normally made by cheque in the case of the cardholder. In the case of the merchant, the issuer pays by transfer of funds to his account. Although credit cards are not a form of payment, they operate as a competition to the cash or cheque forms of payment. Every time a credit card is used, it has been substituted for a cash or cheque payment. There does not appear to be any information available as to the significance of the increasing use of credit cards and it's impact on the two traditional forms of payment. The Canadian Bankers' Association states that "to date there has been no discernible impact upon cash or cheque payments". There is no question that in dollar volumes, the present most important means of making payments is the cheque.

The cheque is the popular medium of exchange because it is easy to use, secure and provides evidence of payment. The population has been encouraged to use them because of these factors and the financial institutions promotion of chequing services.

The legal framework for cheques has its origins in the Bills of Exchange Act.[3] The act was a piece of United Kingdom legislation which was imported into Canada in 1882. It gives cursory treatment to cheques because they were not a common form of payment when the British legislation was enacted. Part III ss. 165-175 devotes six sections from 168-173 to rules for crossed cheques. This practice

has not existed in Canada for a considerable period of time, although it is still common in Britain. This serves to illustrate that the Act has had little relevance to the use of cheques in the payment system for some considerable period of time. Furthermore, the Act contains no legal framework to facilitate the exchange, processing and clearing of cheques. These factors coupled with uninformed judical thinking[4] on the interpretation of the Act means that there is not a well defined legal framework for cheques nor for the exchanging, processing and clearing of those cheques.

With the growth in popularity of cheques as a medium of exchange towards the end of the 19th century, Parliament was forced to provide for the development of a private framework for exchanging, processing and clearing of cheques. Parliament created an organization known as the Canadian Bankers' Association[5] comprising all the chartered banks in Canada. Among the powers of the Association is that conferred by s. 7 of its enabling statute permitting establishment of clearing houses and rules and regulations for the operation thereof. The Association had adopted such rules and regulations in its by-laws.

The banks have proceeded to work out through the Canadian Bankers' Association inter-bank agreements regarding the mechanics of cheque processing and clearing so that the collection process could function in an orderly and efficient fashion despite the inadequacies of the law resulting from anarchronistic legislation such as the Bills of Exchange Act and uninformed judicial thinking. The result has been that the present payments system operates by private contractual agreement and outside the statutory regime of the Bills of Exchange Act. Correspondingly, this has meant that the Canadian statutory law has not kept pace with the development of the modern system of deposit and collection of cheques.

The Canadian payments system is presently under the control of the Canadian chartered banks. The result is that institutions which are not chartered banks, e.g., trust companies, do not have a direct voice in the management and development of the payments system. Such institutions are permitted to use the payments system solely by maintaining a relationship with a chartered bank. Therefore, all the "near-bank" business is currently channelled through a chartered bank.

This control of the payments system was first challenged by the Royal Commission on Banking and Finance better known as the Porter Commission.[6] In 1964 the Porter Commission reviewed the banking industry and made sweeping recommendations. With respect to the payments system, it recommended that the Canadian Bankers' Association be relieved of its control of the clearing system.[7] The Commission recommended that the clearing system should be managed by an association of all financial institutions which offered chequing privileges to its customers. These recommendations were not adopted at the time of the last revision of the Bank Act in 1967. However, in the White Paper on the Revision of Canadian Banking Legislation[8], it is recommended that a Canadian Payments Association be established by companion legislation to the Bank Act.[9] This issue of the control of the payments system represents a major issue in the review of the Bank Act. It is analyzed and commented upon elsewhere in the study,[10] and no further mention will be made of it in this descriptive model.

OPERATION OF THE CANADIAN PAYMENTS SYSTEM

There are three distinct segments to the payment system. The first segment relates to the process of collection of cheques. Intimately connected to this segment are the clearing of cheques and the settlement of the balances comprising the total value of the cheques. The descriptive model is divided into these three segments.

(a) Processing of Cheques

To facilitate the processing of cheques, the banks have agreed upon a system which has two basic elements. First the branches of the various banks are divided into regions. Secondly, cheques are classified either as local (i.e., for deposit to a bank within the region) or out of town (i.e., for deposit to a branch outside the region. This local or out-of-town distinction has been blurred in recent years. Due to the development of courier services only some 50 locations still exist where local clearing takes place. In all other instances, both local and out-of-town cheques are sent by courier to the bank's data centre at the nearest Bank of Canada agency point. In these situations, a rule has evolved that no bank is obliged to carry another bank's item further than the nearest Regional Settlement Point. (Bank of Canada agency point.)

The geographic regions are called banking points. There are three types, one bank points, two bank points and multibank points. There are approximately 900 single bank points across the country. Two bank points contain two branches and there are approximately 200 such regions. Multibank points, of which there are approximately 200, are normally found in urban areas and have three or more banks represented.

At the 50 locations where local clearing still takes place if a bank has more than one branch, it designates one of its branches as its "clearing" branch. All clearing transactions occur through this branch and it is responsible for the internal distribution of cheques cleared to it for the other branches of that bank.

The automation of the payments system began in 1963 with the introduction of magnetic character recognition (MICR) reader-sorters and business computers.[11] All cheques issued by Canadian banks have three sets of characters is a special computer-oriented typeface and printed in magnetic ink on a 5/6" deep band across the entire bottom edge of the cheque. The first set of numbers identifies the location and the name of the branch on which the cheque is drawn. The second set indicates the name of the bank involved and the third series indicates the account number of the person writing the cheque. These magnetic ink characters enable the cheque to be "read" sorted by computer at exceptionally high speeds.[12] The processing of cheques can be divided into several categories depending upon the parties to the transaction. If both parties bank at the same branch of a Canadian chartered bank or different branches of that bank, the collection process is different than if each party does his banking at a different Canadian chartered bank. These three different collection processes are set out below:

(i) Cheques Deposited in Payor's Branch

In this situation the payee deposits the cheque at the same branch on which the payor drew the cheque. The cheque may not have to be cleared depending on the particular bank. It will not have to go through the payments settlement process because the net position of the bank is unaltered and merely involves an internal bookkeeping entry. In 1973, 15 percent of cheque transactions involved deposits within the same branch.[13]

The practices involved in handling these types of cheques vary from one institution to another. The variable which controls the method of processing is whether the institution is operating an automated retail banking system or an on-line retail banking system. An automated retail banking system is not on-line to the banks' regional or national computer centre but is merely serviced from such a data centre. The service of such a system is done by courier. An on-line retail banking system has terminals in the branch that are linked by telecommunications facilities to the banks' regional or national computer centre. In such a system at least some of the data is moved by telecommunications facilities rather than by courier. There are at least two institutions which are operating totally in an automated mode. However, the other institutions have at least some branches continuing to operate in this mode.

In an automated mode either the cheque or a branch produced surrogate of the cheque depending on the particular bank system is forwarded to the regional or corporate computer data centre. At the data centre it is processed in the same manner as all other cheques. The cheque or surrogate paper item is then cleared internally back to the presentment bank. No settlement is involved because the net total bank position is unchanged.

Those branches of banks which have moved to on-line retail banking have the advantages of not having to move the cheque or surrogate paper facsimile from the branch. The cheque remains at the branch and the entry is keyed into the teller's terminal at the branch. The terminal is connected usually by a dedicated communication line to the bank's data centre. The data is transmitted from the teller's terminal and changes in the payor and payee's accounts is effected electronically at the data centre. Early the next day, a hard copy print-out of all the accounts at the branch is delivered from the data centre. This hard copy, of course, also reflects changes other than merely cheques drawn on the same branch on which they were presented. These other transactions are described below:

(ii) Cheques Deposited at the same Bank but a Different Branch from the Payor's Branch

This situation is similar to the previous one in that there is

no need to make actual settlements between branches of the same bank because the net overall deposit position of the entire bank is unchanged. It differs from the previous situation in that the cheque will always go through the internal clearing system of the bank.

Once the cheque is presented at the same bank but a different branch of the bank than the payor's branch, it follows the same process as set out below in situation (iii). The major difference is that the cheque is not cleared to another bank but is returned from the bank's data centre to a branch of the bank designated as a clearing branch. This branch then distributes the cheques to the payor's branch.

Some banks have instantaneous electronic settlement between regions for cheques drawn on a branch of the same bank. When a cheque drawn on another branch of the same bank reaches the regionsl data centre and is in excess of a stipulated amount e.g. $250 and is destined for a branch outside the regional data centre, the data is transmitted to the other regional data centre of the bank electronically. Therefore, the system creates a limited instantaneous electronic inter-regional settlement for cheques drawn on the same bank. The cheque then makes its physical progress through the system within the following 24 hours eventually arriving at the payor's branch.

(iii) Cheques Deposited at a Different Bank from the Payor's Bank

The process is slightly different depending upon whether the bank receiving deposit of the cheque is located in a one point, two point or multi-point region of the country. The varation is slight and what is described here represents the process at a multi-bank point. The following steps are normally taken for the simple deposit and collection of a cheque:[14]

1. The payee deposits the cheque in his own bank (the collecting bank).

2. The collecting bank gives its customer provisional credit pending collection of payment of the cheque by the drawer bank.

3. The collecting bank forwards the cheque at the end of the day to its data centre. Such data

centres are operated by all Canadian chartered banks in the Federal and Provincial capital cities across the country. At the data centre, the dollar amount of the cheque is normally imprinted in magnetic ink, in some cases this is done at the branch. The cheque is then microfilmed.

4. The data centre of the collecting bank electronically sorts the cheque by reading the magnetic ink encoded information. The cheque then ends up in a pile with the other cheques drawn on all the branches of the payor's bank.

5. The cheque is then forwarded to the data centre of the payor's bank. Here its value is recorded and it is re-sorted into a pile depending on whether the branch is in the city of the data centre or elsewhere in the region. At this point, the exchange of instruments between the banks has been completed. This is the first step in the clearing process. Clearing in it's traditional sense has not been completed because the notion requires not just the exchange of instruments but the striking of balances due to and from each bank. Nevertheless, the banks have paid each other and the instrument is now "cleared" in the sense it has returned to the payor's bank.

6. At the data centre or at another data centre if the cheque comes from another region of the country, the cheque is fed into a document processor which scans the coded information, copies the data on to magnetic tape and sorts the cheque with other items drawn on the same branch. Both sides of the cheque are microfilmed and a tracer number and the amount of the cheque are sprayed on it. The information on the magnetic tape produced by the document processor is fed into the data centre's computer.

7. The payor's account is debited by the computer thus completing the payment process. However, this is not

the legal point at which payment has been made because Canadian law does not define a sequence of events leading to a determination to pay.

Prior to the start of business that day, a status report is produced showing the balance remaining in the account upon which the cheque was drawn, as well as all other accounts at the branch. This report and all cheques drawn on the branch's accounts and cleared the previous day are delivered to the branch the same morning.

8. The legitimacy of the cheque is then confirmed at the branch. Signatures are only checked on a selective basis. However, for all cheques over a certain dollar value, e.g., $500.00, the signatures are always checked. If a cheque is unacceptable, it is sent back through the clearing system eventually reaching the payee's bank branch where it was originally deposited. Otherwise, it will remain in the vault until it is returned to the customer along with other cancelled cheques and a statement at month's end. It is only after the branch manager at the branch of account has decided that the item is in good form and funds are available that it can be said that payment is completed from a legal viewpoint.

(b) The Clearing of Cheques:

When the payee deposits the cheque at step one above in his own bank, that bank gives him provisional credit of the cheque's value. From the payee's point of view, he has received "payment". From the bank's point of view, it is merely a provisional credit. The payee's bank receives its payment by the clearing process. It is this intermediate exchange of values which is the clearing process. That process involves payments between banks on behalf of their customers. Once this has occurred, the final act of payment is effected by the payor's bank charging the payor's account for the payment. This payment had already been made on his behalf to the payee's bank who in

turn had previously made the payment on his behalf by giving the payee credit for the amount of the cheque. However, as noted above legally payment has only occurred after the branch manager at the branch of account decides that the item is in good form and funds are available. This vividly demonstrates what was said earlier about the lack of a well defined legal framework for the exchanging, processing and clearing of cheques.

For the 50 locations still existing where local clearing takes place, the procedures for the clearing of cheques depend upon whether the cheques are classified as local (i.e., for deposit to a bank branch within the banking point) or out of town (i.e., for deposit to a branch outside the banking point).

In the case of local cheques, clearings take place locally. The cheques are exchanged between banks through their designated clearing branches. The method of settlement for local cheques depends on the number of banks participating at the banking point. It is described below in part (c).

Out-of-town cheques go from the payee's branch to the clearing branch of the payee's bank at the nearest regional clearing centre. There are ten major clearing associations which are located in the Bank of Canada centres plus Quebec City.

In all other cases, not involving the above 50 locations, both local and out-of-town cheques are sent by courier to the bank's data centre at the nearest Bank of Canada agency point. A rule has evolved that no bank is obliged to carry another bank's item further than the nearest Regional Settlement Point (Bank of Canada agency point). The result is that if the Royal Bank in Vancouver received a Canadian Imperial Bank of Commerce cheque drawn on a branch in Toronto, the Royal is only responsible for carrying the C.I.B.C.'s cheque to the British Columbia Settlement Point. From there, the cheque must be moved by the C.I.B.C. to Toronto.

The clearing process at a clearing association operates as follows:[15]

1. The physical turning over of "exchanges" i.e., bank notes, cheques, bills and other items for which a bank has given provisional credit is generally done between 5:00 p.m. and 1:00 a.m.

2. Each bank turns over its "credit exchanges" representing the items for which it has given provisional credit to a customer payee. In return, it received its "debit exchanges" from the other banks representing items for which other member banks have given provisional credit to the receiving bank's customer a payor. Some of the larger centres do not actually transfer the exchanges rather this is done by the data centres. In such cases, all that is taken to the clearing association meeting is computer statements from the data centre.

3. The value of these credit and debit exchanges will rarely, if ever, equal each other. Balances are struck establishing whether each member of the association is a creditor member, i.e., the total credit exchanges of a bank exceed its total debit exchanges, or if the reverse is the case establishing that the member is a debtor member.

4. The Bank of Canada representative in attendance is then given this information. The agent then waits until 11:00 a.m. to receive each bank's confirmation of its balances.

(c) The Settlement Process:

The Canadian Bankers' Association (CBA) has the legal authority by act of Parliament to operate the clearing system. The CBA confines its role to establishing the rules of operation and the basis of access to the system. Its direct role is minimal other than to supervise the daily settlement process at each of the ten regional clearing associations.

The exchange arrangements function to transport the cheques and debit and credit information from one bank to another. As pointed out above, the flow of debits and credits is not equal and banks must make adjustments. This adjusting is known as the clearing process.

As with the clearing process the settlement process varies depending upon whether the cheques being settled are local or out-of-town cheques.

The balances arising out of local exchanges are settled by the debtor banks providing the other banks with settlement drafts. These drafts are then sent to the banks' main branches or data centres at the nearest Regional Settlement Point and are included in the clearings at that location.[16]

The method of settlement for out-of-town cheques is different.

1. The ten regional clearing associations strike their balances at 9:30 a.m. Included in these balances are settlements from the multibank points. The Bank of Canada agent at the Bank of Canada settlement points in Halifax, Saint John, Quebec City, Montreal, Ottawa, Toronto, Winnipeg, Regina, Calgary and Vancouver wait until 11:00 a.m. for confirmation from the banks of the balances.

2. The banks then have until 2:00 p.m. to make adjustments to their reserve accounts on deposit with the Bank of Canada in Ottawa. Adjustments to reserve accounts at the Bank of Canada are made to compensate for the movement of funds into and out of these accounts with the objective of maintaining them as close to the required level as possible. The reason for trying to remain as close as possible to this minimum level is because of the fact that these reserves are non-interest bearing.

3. The regional Bank of Canada settlement points forward the final balances due to or by each member to the Bank of Canada in Ottawa. At 3:00 p.m., the Bank of Canada then debits or credits each bank's reserve account maintained with it.

The chartered banks in Canada have developed a fairly comprehensive set of rules and procedures governing the collection of cheques. These private arrangements operate without a statutory legal framework. Therefore, when a cheque is objected to, there are rules established by the Canadian Bankers' Association to guard against the use of the clearing system as a means of obtaining payment of any item. Under Rule 13 of By-law 24 of the Association[17] there are rules

established for objecting banks to make applications for repayment and give notice of objection within certain time limits. These rules are in effect a substitute framework for the Bills of Exchange Act designed to protect the intermediate payors and payees, the Canadian chartered banks. These rules are designed to effect prompt return and, therefore, present loss of recourse. The Act only regulates the original payor/payee aspects of the payment process. It is for this reason that there is a legal vacuum surrounding the payment process. It is obvious that the law must somehow extend recognition to these rules of clearing usage. The Canadian Payments Association and related federal legislation will undoubtedly establish this recognition. Therefore, the Canadian Payments Association is not necessarily designed to facilitate any electronic payments developments.

Special Clearing Arrangements

The banks have special clearing procedures for cheques in excess of $50,000. These high value cheques are usually cleared by phone or telex.[18]

The Federal government has a special clearing arrangement with the banks.[19] Cheques issued by the government are cleared directly to a bank of Canada agency located at each of the major clearing points. Due to the fact that government items are cleared through the Bank of Canada and because it does not participate in the evening exchange of the chartered banks, there is a one-day delay in getting actual settlement for government items. The Bank of Canada gives its settlement drafts to the chartered banks after 9:30 a.m. thereby causing government - bank transactions to take more time to complete.

Near Banks

Several types of financial institutions other than chartered banks grant their customers chequing privileges, namely trust and mortgage loan companies, credit unions, and various provincial savings offices. By definition these institutions do not issue cheques but rather payment orders.[20] When a customer of a chartered bank deposits the payment order provisional credit is granted by the bank as would be done with a cheque. Therefore, the recipient's bank must have some arrangement

for clearing the order to the payor's near bank. These arrangements commonly consist of a current account established by the near bank with one of the chartered banks who acts as its clearing agent. This bank agrees to accept all of the near bank's orders cleared to it and treats them as if it were drawn upon the bank.

In 1972, near banks were permitted in certain circumstances to obtain their own unique transit number for the MICR process described elsewhere in this study. This individual "identifier" enabled near banks to; (a) negotiate with any chartered bank for the best rate for the clearing process supplied; and, perhaps more importantly, (b) to make the change from one chartered bank agent to another without the cost or inconvenience of reprinting all payment order forms, etc.

The requirements for the individual transit number are such that some twenty-two near bank financial institutions have received an individual transit number.[21] Increased retail emphasis and promotional activity by the near banks could easily see this number increase significantly in the near future. However, rights within any payment system are conditional upon the acceptance of corresponding obligations. Therefore, the number of institutions who may participate in the system will depend upon their willingness to assume their obligations.

When orders drawn on a chartered bank or government office are deposited with a near bank, they are maintained in a deposit account with the banks and are then processed through the established clearing system. In order to regulate this flow, near banks arrange with one or more banks for "clearing privileges." These arrangements establish where the clearing activities will take place and set a schedule of charges to cover the cost of the transactions.

CONCLUSION:

The Canadian payments system was the first area of banking in which the strain of sharply increased business made its effects felt. The result was a rush by the banks to mechanize the manual systems involved in processing and clearing cheques. This mechanization was carried out without regard to future needs and likely changes in the way in which Canadian chartered banks might conduct their business in the future. This area of banking practice remains as the example of an older philosophy of banking involving the view that the bank branch

was the single most important part of the bank in its role as a financial intermediary.

The banks' philosophy is changing as they recognize that their role as financial intermediary also makes them a processor and storer of information. This shifting view of themselves coupled with the fact that to make the payments system more efficient the role of the branch has been reduced has resulted in the dawning of a new era in Canadian banking. The banks are looking toward the development of automated banking techniques using the computer as the centre piece of financial innovation. These new banking techniques involve more than mechanizing manual systems and attempt to take account of future business trends. They are discussed in the next working paper.

The next major set of developments in the Canadian payments system is not likely to emerge until after the banks have substantially increased the number of automated banking techniques or systems in use. At that stage, they will likely return to the payment system area to begin the process of creative change. However, given the fact that the payments system was largely a product of unimanaginative thinking in terms of mechanizing manual systems, it is unlikely that major changes will occur in the system until automated retail banking is further developed than at the present time. Once automated banking techniques are in widespread use among the banks, the change from the present overnight clearing of a mechanized payments system to an electronic system will be extremely rapid. It is, however, as yet some number of years in the future.

FOOTNOTES

1. "Newsletter and Interim Report, First Quarter, 1977" Royal Bank of Canada.

   These amounts do not include "cheques" or orders written on the "near-banks" such as credit unions and trust companies that offer chequing services to their customers. Such instruments, however, are collected and paid through the normal bank clearing machinery.

2. "Charter Banks of Canada Factbook" The Canadian Bankers' Association p. 8 (1973).

3. R.S.C. 1970, c. B-5.

4. For an analysis of this proposition see: "The Presentment and Collection of cheques in Canada" 22 McGill L.J. 203, 1976.

5. An Act to incorporate the Canadian Bankers' Association S.C. 1900, 63-64 Vict., c. 93.

6. Royal Commission on Banking and Finance...

7. Ibid, p. 394.

8. White Paper on the Revision of Canadian Banking Legislation, The Ministry of Finance, August, 1976.

9. Ibid, p. 18.

10. See Working Paper # which analyzes the Federal Government's legislative moves in relation to the interests of the Provinces.

11. Branching Out Report of the Canadian Computer/Communications Task Force, Department of Communications, May 1972, Vol. II p. 54.

12. The legal problems encountered by M.I.C.R. encoding of cheques such as underencoding overencoding, the "scratched-out" cheque and the "richocheting": cheque are discussed in Clark, Bailey and Young, Bank Deposits and Collections, Uniform Commercial Code Practice Handbook 3, 4th ed. 145-54, (1972).

13. Efficiency and Regulation - A Study of Deposit Institutions, Economic Council of Canada, p. 99.

14. This description is adopted from the following sources: "Factbook Chartered Banks of Canada" The Canadian Bankers' Association, p. 7 (1977); Efficiency and Regulation A study of Deposit Institutions, Economic Council of Canada, p. 99-105 (1976); H. H. Binhammer, Deposit-Taking Institutions' Innovation and the Process of Change, Economic Council of Canada, p. 115-146 (1975); J. A. Galbraith, Canadian Banking 321-365 (3rd ed. 1970); Thomas & Orchard "The Presentment and Collection of Cheques in Canada" 22 McGill L. J. 203 at 221-114 (1976); "Newsletter and Interim

Footnotes - cont'd.

Report, First Quarter", 1977. The Royal Bank of Canada (1977) together with various interviews carried out by the research team. Rodgers, Falconbridge on Banking and Bills of Exchange, 384-392 (7th ed. 1969).

15. Ibid.

16. This process was explained in an interview conducted with David Balmer, Esquire, the Assistant Director of Research - Operations of the Canadian Bankers' Association. It was further commented upon by him in his criticism of earlier drafts of the working paper. It should be noted that the process of clearing local cheques described in J. A. Galbrith, Canadian Banking (3rd ed. 1970); Thomas & Orchard "The Presentment and Collection of cheques in Canada" 22 McGill L. J. 203 and Rodgers, Falconbridge on Banking and Bills of Exchange, (7th ed. 1969) are no longer accurate.

17. Supra, Falconbridge at p. 386.

18. There is a lengthy description of this procedure contained in the following case: Graves-Raffin Construction Ltd. et al v. Bank of Nova Scotia et al, 51 D.L.R. (3rd) 380 (B.C.S.C.) at p. 385 and 386. The case was reversed in part and is reported at 64 D.L.R. (3rd) 78, (B.C.C.A., 1976).

19. The federal government can have quite an effect on E.F.T.S. because it is a large user. There are 100,000,000 cheques a year drawn on the Receiver-General.

20. Bills of Exchange Act, R.S.C. 1970, c. B-5, s. 165.

21. Economic Council of Canada, Efficiency and Regulation, A Study of Deposits Institutions, (1976) p. 102.